UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF MASSACHUSETTS
EASTERN DIVISION

In re	)	
655 CORPORATION,	)	CHAPTER 11
	)	CASE NO. 06-13020-JNF
Debtor.	)	

CHAPTER 11 TRUSTEE'S MOTION TO DISBURSE FUNDS TO NEW ENGLAND PHOENIX COMPANY, INC. AND INTERNATIONAL SURETY, LTD.

Mark G. DeGiacomo, the duly appointed Chapter 11 Trustee for the above-captioned bankruptcy estate (the "Trustee") hereby moves this Court for the entry of an order authorizing him to disburse funds to New England Phoenix Company, Inc. and International Surety Ltd.

In support of this Motion, the Trustee states as follows:

1. On September 1, 2006, 655 Corporation (the "Debtor") filed a voluntary petition pursuant to Chapter 11 of the Bankruptcy Code.

2. On October 4, 2007, this Court entered an Order requiring the Office of the United States Trustee to appoint a Chapter 11 trustee.

3. On October 5, 2007, the Trustee was appointed as the Chapter 11 Trustee of the bankruptcy estate of the Debtor (the "Appointment Order").

4. The sole asset in this case consists of a condominium complex located at 653-659 East Second Street, South Boston, Massachusetts (the "Condominium Project") consisting of 18 condominium units (the "Condominium Units") and 44 parking spaces (the "Parking Spaces").

5. On July 20, 2007, this Court entered an Order which authorized the Debtor, subject to certain obligations and restrictions, to sell the Condominium Units and the Parking Spaces in the ordinary course of business (the "Original Order").

6. On October 19, 2007, this Court entered an Order allowing the Trustee's First Motion to Amend Order Authorizing Sale of Real Property as Transactions in the Ordinary Course of Business (the "Amended Sale Order").

7. The Amended Sale Order generally provides that the Trustee may sell the Condominium Units and Parking Spaces subject to the same obligations and restrictions imposed on the Debtor by the Original Order.

8. As of the date of this Motion, a total of three of the Condominium Units have been sold.

a. New England Phoenix Company, Inc.

9. On September 2, 2007, this Court entered an Order approving the Joint Motion for an Order Pursuant to Rule 9019 Approving Settlement between Debtor and New England Phoenix Company, Inc. (the "Joint Motion").

10. The settlement authorized by the Court in connection with its approval of the Joint Motion is detailed in a document entitled Agreement and Resolution of Claims of New England Phoenix Company, Inc., a copy of which was attached to the Joint Motion as Exhibit A (the "Settlement Agreement").

11. In general, the Settlement Agreement provides for the resolution of all claims between New England Phoenix Company, Inc. ("NEPCO") and a related party, Barbara Buckley, on the one hand, and the bankruptcy estate on the other by the granting to NEPCO an allowed claim in

the amount of $425,000 which is secured by a first priority lien on the Condominium Project (see Paragraph 2 of Settlement Agreement).

12. The Settlement Agreement also provided that "the Debtor shall pay NEPCO's secured claim first before any other claim from the sale's proceeds of the Condominium Units or Parking Spaces" (See Paragraph 3 of the Settlement Agreement) and that if the NEPCO claim was not paid in full by September 1, 2007 "interest will accrue on the unpaid balance thereon at an annual rate of ten percent until NEPCO's secured claim and any accrued interest thereon are paid in full". (See Paragraph 4 of Settlement Agreement).

13. Pursuant to the terms of the Original Sale Order, as amended by the Amended Sale Order, the Trustee is to hold the proceeds from sales of Condominium Units and Parking Spaces "pending distribution as provided either in a confirmed plan of reorganization or by further order of the Court."

b. International Surety, Ltd.

14. The Appointment Order requires the Trustee to obtain a bond in the amount of $2,000,000 (the "Required Bond").

15. The Trustee has obtained the Required Bond from International Surety, Ltd. which is the bonding company that issues blanket bonds to bankruptcy trustee to cover their Chapter 7 cases.

16. The Trustee has received an invoice from International Surety, Ltd. for the premium due on the Required Bond in the amount of $10,000.

c. Request for Authority to Pay

17. In order to (a) avoid the accrual of any further interest on the NEPCO obligation, and (b) to pay in a timely manner the invoice due for the Required Bond, the Trustee seeks authority

to disburse from the sale proceeds the funds necessary to pay in full the NEPCO obligation and the Required Bond premium.

WHEREFORE, Mark G. DeGiacomo, the duly appointed Chapter 11 Trustee of the above-captioned bankruptcy estate, respectfully requests that this Court:

a. enter an order authorizing him to disburse the funds necessary from the sale proceeds to pay in full the NEPCO obligation and the Required Bond premium.

Respectfully submitted,

MARK G. DEGIACOMO, CHAPTER 11 TRUSTEE OF THE ESTATE OF 655 CORPORATION,

/s/ Taruna Garg

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Dated: October 19, 2007